

MINUTE ITEM

14. REQUEST FOR DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS, P.R.C. 1551.1, SIGNAL OIL AND GAS COMPANY, HUNTINGTON BEACH, ORANGE COUNTY - W.O. 3218.

After consideration of Calendar Item 8 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO GRANT TO SIGNAL OIL AND GAS COMPANY, OPERATOR UNDER STATE OIL AND GAS LEASE P.R.C. 1551.1, A DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS UNDER THE SUBJECT LEASE TO JANUARY 1, 1960, THE GRANT OF DEFERMENT TO BE SUBJECT TO THE EXPRESS CONDITION THAT DURING THE PERIOD OF DEFERMENT THE LESSEES WILL PERFORM ONE OF THE FOLLOWING ACTIONS:

1. INITIATE DEVELOPMENT ON THE LEASE;
2. QUITCLAIM THE UNDEVELOPED LEASE AREA;
3. PRESENT NEW ADEQUATE BASES FOR CONSIDERATION AS TO ANY FURTHER DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS UNDER THE LEASE.

Attachment

Calendar Item 8 (1 page)

CALENDAR ITEM

8.

REQUEST FOR DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS, P.R.C. 1551.1, SIGNAL OIL AND GAS COMPANY, HUNTINGTON BEACH, ORANGE COUNTY - W.O. 3218.

Oil and Gas Lease P.R.C. 1551.1 was issued to Richfield Oil Corporation, Hancock Oil Company, and Signal Oil and Gas Company on August 16, 1955, pursuant to competitive public bidding.

On July 25, 1958 (Minute Item 12, page 4160), the Commission authorized a deferment of drilling and operating requirements under State Oil and Gas Lease P.R.C. 1551.1 to June 1, 1959. The lessees have drilled two wells into the leased area, neither of which has been productive of oil or gas. The second well was abandoned in April 1956. During the course of drilling operations, electric logs, dipmeter surveys, sidewall samples and cores were taken, and core analyses were made. These operations were conducted at a cost of approximately \$208,000.

An application has been received from Signal Oil and Gas Company, operator, requesting a further extension of the deferment of drilling and operating requirements to January 1, 1960. The lessees have been studying the data available in order to justify further exploration work on the subject lease. Such studies are being continued.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO GRANT TO SIGNAL OIL AND GAS COMPANY, OPERATOR UNDER STATE OIL AND GAS LEASE P.R.C. 1551.1, A DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS UNDER THE SUBJECT LEASE TO JANUARY 1, 1960, THE GRANT OF DEFERMENT TO BE SUBJECT TO THE EXPRESS CONDITION THAT DURING THE PERIOD OF DEFERMENT THE LESSEES WILL PERFORM ONE OF THE FOLLOWING ACTIONS:

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2. QUITCLAIM THE UNDEVELOPED LEASE AREA;
3. PRESENT NEW ADEQUATE BASES FOR CONSIDERATION AS TO ANY FURTHER DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS UNDER THE LEASE.